

ZULIMA V. FARBER
ATTORNEY GENERAL OF NEW JERSEY
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, New Jersey 07102
Attorney for Plaintiff

By: Anna M. Lascurain
Deputy Attorney General

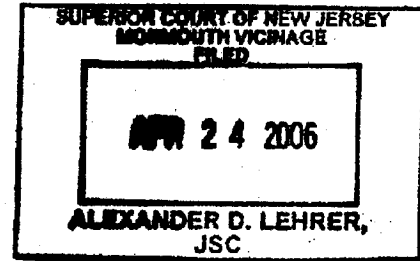
Samuel Scott Cornish
Deputy Attorney General

ZULIMA V. FARBER, Attorney
General of the State of New
Jersey, on behalf of FRANKLIN
L. WIDMANN, Chief of the New
Jersey Bureau of Securities,

Plaintiff,

v.

GARY S. KLEIN, JOSEPH SPUGANI,
NIZAR AZZAM, R.E.I. GROUP,
INC., a New Jersey
Corporation, R.E.I. HIGHLAND
PARK, LLC, a New Jersey
Limited Liability Company,
HOBE SOUNDS INVESTORS, LLC, a
New Jersey Limited Liability
Company, HOBE SOUND FL -
GOMEZ, LLC, a New Jersey
Limited Liability Company,
HOBE SOUND, FL - DOTTIE, LLC,
a New Jersey Limited Liability
Company, JUMPING BROOK ROAD,
LLC, a New Jersey Limited



SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION - COUNTY OF
MONMOUTH
Docket No. C-109-06

Civil Action
**CONSENT ORDER FOR PRELIMINARY
INJUNCTION, ASSET FREEZE,
RECEIVERSHIP, AND OTHER
ANCILLARY RELIEF**

4. Preliminarily enjoined and restrained from acting as unregistered broker-dealers or agents in the State of New Jersey in violation of N.J.S.A. 49:3-56(a);

5. Preliminarily enjoined and restrained from employing unregistered agents for the purpose of issuing, offering, or selling unregistered securities in the State of New Jersey in violation of N.J.S.A. 49:3-56(h);

6. Preliminarily enjoined and restrained from destroying or concealing any documents, evidence, books, or records relating in any way to the business, operations, or affairs of the Consenting Defendant, REI, or the Real Estate LLCs, or the finances and current or past assets, including past and existing bank accounts, of the Consenting Defendant, REI, or the Real Estate LLCs;

7. Required to preserve all data or information on any computer, personal hand-held device, or other personal electronic device that has ever been used in connection with the business operations or personal finances of the Consenting Defendant, REI, or the Real Estate LLCs; and

8. Required to cooperate to provide information in the possession, custody, or control of the Consenting Defendant that stems from, was generated by, obtained in connection with, or that relates in any manner to the business or operations of REI or the Real Estate LLCs.

AND IT IS FURTHER ORDERED AND AGREED THAT:

1. Under N.J.S.A. 49:3-69(d), the assets of the Consenting Defendant shall remain frozen, pursuant to the Court's April 19, 2006 Order, and, within two days of the entry of this Order, shall be transferred into the custody and control of the below receiver. Throughout this Order, the term "assets" includes, but is not limited to, real property, personal property, checking and savings accounts, brokerage and trading accounts, all assets frozen by and delineated in the Court's April 19, 2006 Order, and all other assets and property of every description;

a. To effectuate this Order, Plaintiff may provide any third parties possessing or holding any assets frozen by this Order with a copy. Such third parties' compliance with this Order is required;

2. The Consenting Defendant is preliminarily enjoined and restrained from directly or indirectly disposing, transferring, selling, dissipating, encumbering, liquidating, or withdrawing any assets;

3. JEROLD L ZARO 1500 Lawrence Ave
Ocean, N.J. 07712 732-922-1000 is hereby appointed as the receiver in this case to, among other things: administer, locate, and distribute the assets frozen by this Order; operate the businesses of REI

and the Real Estate LLCs; and to perform any and all other functions necessary and incidental to the receivership. This receiver is hereby vested with any and all rights, authority, indemnities, standing, power, and discretion provided by and permitted under N.J.S.A. 49:3-69 and N.J.S.A. 14A:14-1 et seq., including, but not limited to:

- a. preserve the status quo;
- b. manage the assets and business operations of REI and the Real Estate LLCs;
- c. ascertain the true financial condition of the Consenting Defendant, REI, and the Real Estate LLCs and the true use and disposition of investors' funds;
- d. prevent misuse of the property and assets of the Consenting Defendant, REI, the Real Estate LLCs, and the investors;
- e. except in the ordinary course of business as determined by the receiver, prevent the encumbrance or disposal of property or assets of the Consenting Defendant, REI, the Real Estate LLCs, and the investors;
- f. locate and collect assets of the Consenting Defendant, REI, the Real Estate LLCs, and investors;

- g. pursue causes of action against third parties on behalf of the Consenting Defendant, REI, the Real Estate LLCs, and investors;
 - h. preserve the books, records, documents, and evidence of REI and the Real Estate LLCs;
 - i. ensure the compliance of the Consenting Defendant, REI, and the Real Estate LLCs with the Securities Law;
 - j. communicate with investors; and
 - k. determine whether REI or the Real Estate LLCs should file a bankruptcy petition.
4. The receiver shall:
- a. apply to the Court for approval of all disbursements as required by this Order and N.J.S.A. 49:3-69;
 - b. review the books and records of the Consenting Defendant and report to the Court within 60 days of entry of this Order: (i) the identities of all investors and creditors of the Consenting Defendant; (ii) the market value of all investment properties; (iii) the true financial condition of the Consenting Defendant; and (iv) any other information germane to understanding

the financial condition and business operations of Defendants;

- c. determine the necessity of retaining professionals including, but not limited to, accountants, attorneys, real estate agents, and appropriate business managers to assist the receiver in fulfilling the responsibilities ordered by the Court, and upon making a determination of necessity, make an application to the Court for an order permitting the retention of such professionals by the receiver;
- d. be permitted to resign upon giving written notice to the Court and the Plaintiff of the receiver's intention to resign, which resignation shall not become effective until, subject to Plaintiff's recommendation, the Court appoints a successor; and
- e. be compensated in such reasonable amounts, to be determined upon application to the Court, out of the assets and property transferred to the receiver under this Order and such other funds that the receiver or Plaintiff may recover.

5. In addition to the above, within five days of the entry of this Order, the receiver:

① by outside counsel is to be hired the court appoints Bruce O. Atkinson, 2 BRIDGE AVE Box 8415, Red Bank, ⁹NEW JERSEY 07701 732-530-5300.

a. Mr. Zarro Shall review the Consenting Defendant's current agreement with Management Service Consultants LLC ("MSC"), an accounting and consultancy entity retained to determine the best means of maximizing the value, liquidation or going concern, of the assets and businesses of the Consenting Defendant; the receiver _____ decide whether retaining MSC is in the best interest of the investors and, if so, shall retain MSC to continue providing services for as long as the receiver deems is necessary and beneficial;

i. if the receiver elects to retain MSC, the receiver shall, upon application to the Court, pay MSC a reasonable fee for any unpaid and future services, but the receiver is not bound by the preexisting agreement between the Consenting Defendant and MSC;

ii. if MSC is retained by the receiver, it shall provide the receiver with all written reports and analyses prepared under the preexisting agreement with the Consenting Defendant, except those that

are protected by attorney-client privilege or work-product immunity;

- iii. upon retention of MSC by the receiver, the receiver shall be MSC's client, the preexisting agreement and relationship with the Consenting Defendant shall cease, and MSC shall adhere to all contractual, ethical, and professional duties arising from its retention by the receiver, including its duty of confidentiality and to cease communicating directly with the Consenting Defendant or his counsel, unless otherwise agreed to by the parties;
- b. shall determine a reasonable living expense allowance for Gary S. Klein and submit an application to the Court for approval of this reasonable living expense allowance;
 - i. in determining a reasonable living expenses, the receiver shall consider that Gary S. Klein has three dependents, one of which has a physical disability and requires special accommodations;
 - ii. in determining a reasonable living expense, the receiver shall, upon

application to the Court, allow payments for the attorneys' fees and costs of Lowenstein Sandler PC, or other counsel should Lowenstein Sandler PC cease its representation, in connection with this case, as well as any civil or criminal case, action, proceeding, or investigation arising from or related to the facts alleged in the Verified Complaint;

- c. shall review any and all existing contracts for the sale of any investment property that is the subject matter of this case and contact the potential purchasers or other parties involved in such contracts for sale;

- i. the receiver is hereby advised that there is a contract for the sale of 716 Cookman Avenue, Asbury Park, New Jersey.

6. Within [REDACTED] ten calendar days of the entry of this Order, the receiver shall retain a real estate agent to list 7 Hambletonian Court, Colts Neck, New Jersey on the multiple listing service.

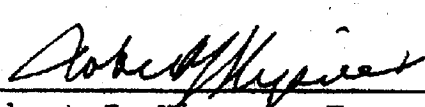
7. A copy of this Order shall be served upon all counsel of record by regular mail and upon any pro se defendants

by regular mail and certified mail, return receipt requested
within 3 days of the date of the entry of this Order.



Hon. Alexander D. Lehter, P.J.Ch.

Consenting to the Form, Content,
And Entry of this Order

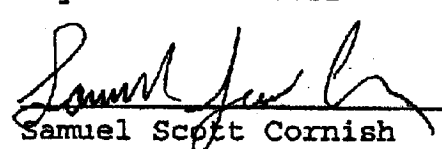


Robert J. Wipnees, Esq.
Lowenstein Sandler PC
65 Livingston Avenue
Roseland, New Jersey 07068
Attorneys for the Consenting Defendant

Dated: April 27 2006

Consenting to the Form, Content,
And Entry of this Order

ZULIMA V. FARBER
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiff

By: 

Samuel Scott Cornish
Deputy Attorney General

Dated: April 24, 2006

FOR THE REASONS STATED ON THE RECORD